

WITHDRAWAL RULES: A SUMMARY

Type of Contribution	Restrictions	Suspension	10% Penalty Tax (if before age 59½)
<i>After-tax</i> , not matched	None	None	On withdrawn earnings only
<i>After-tax</i> , matched by MBNA at least 24 months before withdrawal	None	None	On withdrawn earnings only
<i>After-tax</i> , matched by MBNA within previous 24 months; for <i>emergency</i>	Must meet MBNA emergency guidelines	None	On withdrawn earnings only
<i>After-tax</i> , matched by MBNA within previous 24 months; for <i>non-emergency</i>	None	Your voluntary contributions and MBNA match suspended for six months; must re-enroll	On withdrawn earnings only
<i>Rollovers</i>	None	None	On entire withdrawal
<i>MBNA matching</i> , at or after age 59½	None	None	None
<i>MBNA matching</i> , five years participation or made at least 24 months before withdrawal	None	None	On entire withdrawal
<i>MBNA matching</i> , made within previous 24 months; less than five years participation and before age 59½	For financial emergency only	None	On entire withdrawal
<i>Before-tax</i> , at or after age 59½	None	None	None
<i>Before-tax</i> , before age 59½	For financial hardship only	None	On entire withdrawal
<i>MBNA automatic</i> 1% contribution	Must be at least age 59½	None	Not applicable


APPLYING FOR A WITHDRAWAL

You can call *401(k) Plus Express* at 1-800-714-401k to find out the amount available to you for a withdrawal. However, to apply for a withdrawal, you'll need to complete the savings plan withdrawal form. If you need a form or more information, please contact the 401(k) Hotline at (302) 453-2061.

Receiving Benefits From Your Account

You can receive a distribution from your account at different times, and in one of two ways—as a lump sum, or in installments. (See page 33.)

IF YOU LEAVE MBNA

If you leave MBNA prior to age 65 (normal retirement age as defined in the MBNA Savings Plan document), you can receive the total value of your account.

- If your account balance exceeds \$5,000, you may also leave your money in the MBNA plan for any length of time up to the date in which you reach normal retirement age (65). At age 65, you must receive either a lump-sum distribution or begin to receive installments. Prior to reaching age 65, you won't be able to make further contributions or take loans, but you can continue to make investment changes as often as once a month. And you can elect to receive a distribution of your account at any time.
- If your account balance does not exceed \$5,000, you will receive a lump-sum distribution of your benefit as soon as possible after your employment ends.

IF YOU WORK AFTER NORMAL RETIREMENT AGE

If you continue to work at MBNA after normal retirement age (65) you will continue to participate in the plan as before. Once you retire, payment of your account balance must begin no later than 60 days after the close of the calendar year in which you leave MBNA.

IF YOU BECOME DISABLED

If the Plan Administrator determines that you are disabled, as defined in the savings plan document, you can elect to receive the value of your account. If the value of your account is \$5,000 or less, your distribution will be paid in a lump sum. If the value of your account is more than \$5,000, you can receive the money in either a lump sum or installments.

Benefits will be paid to your beneficiary if you die while actively employed or before receiving the balance of your account. If you're married and you die before beginning to receive benefit payments from the savings plan, your spouse will be your beneficiary unless your spouse formally consents to your choice of another beneficiary. See page 35 for information about choosing a beneficiary. (Also, see page 33 for information about how benefits are paid to your beneficiary.)

The Internal Revenue Service requires MBNA to withhold 20% of the taxable portion of your distribution toward any taxes you might owe on this distribution. This withholding applies to all withdrawals, lump-sum distributions, and installment payouts made over less than 10 years. (The only exception would be before-tax contributions that are withdrawn for a financial hardship, as described on pages 26–27.) At the end of the year, you may owe additional taxes on the amount you received from the plan or you may be eligible for a refund, depending on your tax situation. The *only* way you can avoid having this 20% withheld is to arrange a *direct rollover* of your distribution to a qualified IRA or to another employer's qualified retirement plan.

It's important to be aware that when you request a direct rollover, the distribution check will be payable to the IRA or to your account in your new employer's plan, not to you. *If the check is made out to you, MBNA will be required to withhold the 20% even if you deposit the check to a qualified IRA or your account in your new employer's plan.*

HOW BENEFITS ARE PAID

When you receive a distribution of your account, the money will be paid as follows:

- If the value of your account is more than \$5,000, you can receive a lump sum or payments in approximately equal installments for up to ten years. Installment payments can be made monthly, quarterly, semi-annually, or annually.

If you choose installment payments, you can change your mind about receipt of your account after the installment payments have begun. You can take a lump-sum distribution of the remaining balance of your account, or you can have the installment payments adjusted so you'll receive full distribution of the account at an earlier date.

As long as there is a balance in your account, it continues to share in investment gains or losses through the investment funds.

- If the value of your account is \$5,000 or less, you'll receive a lump-sum distribution as soon as possible after you leave employment.
- If you die before beginning to receive benefit payments:
 - If your balance is \$5,000 or less, your beneficiary will receive the balance of the account in a lump sum.
 - With a balance over \$5,000, your beneficiary can receive a lump-sum distribution or installments.
 - Your beneficiary can also defer distribution for up to 60 days after the end of the plan year following the plan year in which you died.

- If you die after installments begin and your balance is more than \$5,000, your beneficiary can continue to receive installment payments for the remainder of the installment period.

Should your beneficiary die before full distribution of your account, the remainder will be paid to your beneficiary's estate.

- To determine the amount of your benefits, your account will be valued on the business day prior to the business day your distribution is made. This is true whether:

—You receive a distribution when your employment with MBNA ends; or

—You have chosen a deferred payment date.

No earnings will be credited for the period between the valuation date and the date your check is issued.

- If you have invested in the MBNA Stock Fund, you can receive that portion of your distribution in cash or in shares.

HOW TO APPLY FOR BENEFITS

To apply for benefits, call the 401(k) Hotline at (302) 453-2061 for the distribution options form and Special Tax Notice. Complete the form and return it to the Benefits department. Your benefits will be paid as soon as administratively possible once the Benefits department has received your distribution options form.

Other Information

This section provides additional information about how the savings plan works.

HOW HOURS AND YEARS OF SERVICE ARE CALCULATED

You must have one year of service with at least 1,000 hours of service to be eligible to participate in the plan, as discussed on page 4. To meet this requirement, you must have at least 1,000 hours of service during the completed 12-month period beginning with your date of hire, or in any calendar year beginning after your date of hire. Your hours of service are counted this way:

- If you're salaried, you receive credit for 45 hours of service for any week in which you actually earn one hour of service.
- If you're paid on an hourly basis, you're credited with an hour of service for any hour for which you're paid (including vacation, sick pay, and disability).

NAMING A BENEFICIARY

When you become eligible for savings plan participation or if you make a rollover before becoming eligible, you'll need to name a beneficiary to receive the value of your account in the event of your death.

If you're married, your beneficiary will generally be your spouse, unless your spouse consents to the choice of another beneficiary. If you want to name someone other than your spouse, your spouse must sign the beneficiary form consenting to the other beneficiary. That consent must be notarized.

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ASSIGNMENT OF BENEFITS

Your savings plan account generally cannot be alienated or assigned to another person, except in the case of a qualified domestic relations order (QDRO). In that event, the court can assign plan benefits to another person.

Participants and beneficiaries can obtain, without charge, a copy of the plan's QDRO procedures from the Plan Administrator.

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WHEN YOU PAY TAXES

Generally, withdrawals or distributions of all tax-deferred money from the plan (that means all earnings and all contributions *except* your after-tax contributions) are treated as ordinary income for federal tax purposes. If you have not yet reached age 59½, withdrawals and distributions are taxed as described on page 32 and are usually subject to a 10% penalty tax. You will *not* have to pay the penalty tax in these situations:

- You have tax-deductible medical expenses (i.e., unreimbursed medical expenses that exceed 7.5% of your adjusted gross income);
- You receive a distribution on account of leaving MBNA at age 55 or older, or becoming disabled, or your beneficiary receives a distribution as a result of your death;
- You have your taxable distribution deposited into an IRA "rollover" account or a similar account in another employer's plan; or
- The savings plan makes payments from your account to someone (an ex-spouse, for example) under a qualified domestic relations order (QDRO). See above for more information about a QDRO.

You should check with a tax specialist for more information about the tax consequences of withdrawals and distributions.

IF YOU PARTICIPATED IN THE FORMER SSBA THRIFT INCENTIVE PLAN

If you were a participant in the SSBA Thrift Incentive Plan on March 31, 1992, these special provisions apply:

- *Eligibility:* You became a participant in the MBNA 401(k) Plus Savings Plan on April 1, 1992.
- *Vesting:* If you were not already fully vested, you became 100% vested in the value of your SSBA account as of March 31, 1992.
- *Investing:* As of April 1, 1992, your SSBA plan account was transferred to the MBNA plan in your name. If you didn't choose investment funds at that time, your account was invested in the Fixed Income Fund.
- *Spousal Consent:* If you are married and the value of your account is more than \$5,000, you must have the written, notarized consent of your spouse to take a loan or withdrawal, or to receive a distribution from your account other than a 50% Joint and Survivor Annuity (see below).
- *Distributions:* You will receive distribution of your account as a Joint and Survivor Annuity. With this method, the value of your account is used to buy an annuity, which pays you equal monthly installments until your death.

If you're married, your spouse will continue to receive monthly payments after your death. Your spouse's monthly payments can be from 50% to 100% of the amount you were receiving.

To choose another form of distribution (a lump sum or installments), you'll need your spouse's written, notarized consent.

- *Preretirement Survivor Annuity:* If you're married and die before distribution of your account, the value of your account will be used to buy an annuity for your spouse. This form of payment is a preretirement survivor annuity. However, if you arranged previously for another form of payment and had your spouse's written, notarized consent, then the other form of payment will be made.

You can waive the preretirement survivor annuity in or after the plan year in which you reach age 35 (or terminate employment before age 35). As before, you will need your spouse's written, notarized consent to waive this provision.

- *Restoration of Forfeitures:* If you left SSBA before March 31, 1992, and forfeited the non-vested portion of your SSBA Thrift Incentive Plan account, that forfeiture will be restored if you return to work for the company or an affiliate and your rehire date is:
 - Before you receive distribution of your account; and
 - Before you have had five consecutive one-year breaks in service.
- If you received a lump-sum distribution of your SSBA Thrift Incentive Plan account and forfeited the non-vested portion, that forfeiture will be restored if you return to work for the company or an affiliate and repay your distribution before the *earlier* of:
 - The fifth anniversary of your date of reemployment; or
 - The date on which you have five consecutive one-year breaks in service.

Please contact the 401(k) Hotline at (302) 453-2061 if you need more information about these special provisions and how they apply to you.

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TYPE OF PLAN

The MBNA 401(k) Plus Savings Plan is a *defined contribution* type of benefit plan. The amount of your benefit at retirement is not a predetermined amount. It will depend on the amount of money you and the company contributed, the length of time you participated, and the investment performance of the plan funds in which your account was invested. For this reason, none of the benefits under the plan are insured by the Pension Benefit Guaranty Corporation under Title IV of the Employee Retirement Income Security Act of 1974 (ERISA).

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FOR ADDITIONAL INFORMATION

Please see the "Administrative Information" section of this guide for further details about the MBNA 401(k) Plus Savings Plan, claim and appeal procedures, and your rights as a plan participant.